

# **ND Retirement and Investment Office Teachers' Fund for Retirement**

## **TFFR Employer Guide**

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The TFFR Employer Guide is printed and distributed by the Retirement and Investment Office (RIO) to provide participating employers with a quick reference source for questions regarding TFFR reporting requirements. This booklet is not intended to encompass all aspects of TFFR reporting requirements. It will be updated periodically to reflect changes made to the plan (NDCC 15-39.1) by the Legislature. Detailed information can be obtained by contacting RIO. This publication can be made available in alternate formats.

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**ND RETIREMENT AND INVESTMENT OFFICE (RIO)**

The Retirement and Investment Office (RIO) administers the State Investment Board (SIB) and Teachers' Fund for Retirement (TFFR) programs.

The office exists in order that:

- SIB clients receive cost-effective investment services directed at meeting their written financial goals under the prudent investor rule.
- SIB clients receive investment returns consistent with their written investment policies and market variables.
- Potential SIB clients have access to information regarding the investment services provided by the SIB.
- TFFR benefit recipients receive their retirement benefits in a cost-effective and timely manner.
- TFFR members have access to information, which will allow them to become knowledgeable about the issues and process of retirement.
- SIB clients and TFFR benefit recipients receive satisfactory services from the Board and staff of the office.

**TEACHERS' FUND FOR RETIREMENT (TFFR) BOARD OF TRUSTEES**

The TFFR Board of Trustees is responsible for administering the TFFR retirement program. The Board has the authority to establish investment policy; arrange for actuarial and medical consultants; pay benefits and consultant fees; submit proposed legislative changes; and determine appropriate level of services.

The TFFR Board consists of the State Treasurer, State Superintendent of Public Instruction, and five members appointed by the Governor. Members are appointed for five-year terms and include one active school administrator, two active teachers, and two retired members.

**Current TFFR Board Members**

Mark Sanford, President (administrator)  
Barbara Evanson, Vice President (active teacher)  
Michael Gessner (active teacher)  
Lowell Latimer (retired member)  
Clarence Corneil (retired member)  
Kelly Schmidt, State Treasurer  
Wayne Sanstead, State Superintendent

## **GENERAL INFORMATION**

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### **TFFR MISSION AND GOALS**

#### **Mission Statement**

The mission of TFFR, a trust fund, is to advocate for, develop, and administer a comprehensive retirement program for all trust fund members within the resources available.

#### **Goals**

- To provide a replacement income equal to 60% of the final average salary of a career employee who has 30 or more years of credited service.
- To provide ad hoc biennial benefit increases and 2% annual benefit increases to retired members and beneficiaries to provide income protection and assist retirees in accessing affordable health insurance.
- To continue providing statewide preretirement planning services and benefits counseling to members.

### **TYPE OF SYSTEM**

TFFR is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code (IRC). In simpler terms, TFFR is a tax-exempt pension plan where state law determines benefits.

North Dakota Century Code (NDCC) Chapter 15-39.1 contains the actual language governing the Fund. The NDCC, along with Title 82 of the North Dakota Administrative Code (NDAC), are summarized in this Guide. If differences exist between the information in this Guide and state law, the laws shall govern.

The TFFR plan is funded on an actuarial reserve basis. That is, money is invested for future retirement benefits while members are actively teaching. Benefit funding comes from three sources:

- Member contributions
- Employer contributions
- Investment earnings

TFFR serves nearly 10,000 teachers from 245 employer groups and pays benefits to more than 5,000 retirees and beneficiaries.

## **EMPLOYER SERVICES**

The RIO staff offers many services as part of the continuing effort to keep employers informed about the retirement program. All services are furnished free of charge. Employers may contact the administrative office to schedule or request any of these services.

- Toll free number
  - 1-800-952-2970
- Website
  - [www.nd.gov/rio](http://www.nd.gov/rio)
  - E-mail us at [rio@state.nd.us](mailto:rio@state.nd.us)
- Member outreach programs
  - One-on-one benefits counseling
  - Preretirement seminars
  - Financial planning programs
  - In-service group presentations
  - Retirement 101
  - Teachers in Transition program
- Employer information
  - Briefly newsletter
    - Quarterly employer newsletter
  - Retirement eligibility profile
    - Thirty year projection of when your employees will reach the Rule of 85 or age 65
  - Employer payment plan model change analysis
    - Analysis compares your current TFFR payment model to another showing effects on retirement salary, TFFR contributions, and taxable salary for purposes of federal/state withholding, FICA and Medicare taxes. This analysis may prove helpful during contract negotiations.

## GENERAL INFORMATION

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**Note:** The terms and definitions in this section relate to TFFR only.

**Administrative**

To manage, direct, or superintend a program, service, school district or other participating employer.

**“Briefly”**

Quarterly employer newsletter that provides reporting instructions and current topics of interest.

**Compensated Hours (Total Hours)**

The number of hours a member is employed and compensated for in a school year (not to exceed 700 hours). The calculation for compensated hours is as follows:

**Days worked during the fiscal year X total hours worked each day.**

**Contract**

A written agreement with any school board or other governing body of any North Dakota school district or special education unit; or a letter of appointment by a state institution, state agency, or other employer participating in the Fund. (Also see definition of written agreement.)

**Contributions (Employer)**

An amount paid by the employer which is equal to 7.75% of the retirement salary a member earns during a fiscal year (July 1 – June 30). Employer contributions are not refundable to the member.

**Contributions (Member)**

An amount equal to 7.75% of the retirement salary earned by a member during a fiscal year (July 1 – June 30) to help finance the various TFFR benefits available. These benefits include retirement, disability, and survivor benefits, or a refund upon termination of employment.

**Taxed Member Contributions**

Member contributions that are withheld from member checks and taxed in the year withheld. The member contributions are deducted from a member's check after taxes have been calculated.

**Tax-Deferred Member Contributions**

Member contributions that are withheld from member checks or that are paid by the employer, and not taxed in the current year. These contributions will be taxed when the member starts receiving a monthly retirement check or receives a refund.

**Covered Employment**

Employment as a teacher, supervisor, administrator, or extracurricular services.



## **TERMS AND DEFINITIONS**

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### **Dual Member**

An individual employed in a position that is reportable to both TFFR and the North Dakota Public Employees Retirement System (PERS). If your school district reports to PERS and you have an employee that may be reportable to both systems, see page 28, or contact the Fund's administrative office for further instructions.

### **Electronic Reporting**

Monthly reporting by diskette or internet.

### **Extracurricular Services**

Outside of the regular curriculum of a school district or other participating employer which includes advising, directing, monitoring, coaching athletics, music, drama, journalism, and other supplemental programs.

### **In-Staff Substitute Teacher**

A licensed contracted teacher who performs substitute teaching duties for the contracting district in the teacher's free time.

### **Last Date Worked (Taught)**

The last official date the member was employed and was compensated for during the fiscal year. This date is used to calculate the interest on a member's account and to determine a member's eligibility for retirement or refund benefits.

### **Participating Employer**

The employer of a teacher.

### **Reports**

Diskette, internet, or paper report.

### **Retired Teacher**

A member who has retired from active teaching and is receiving monthly TFFR retirement benefits. (See page 29.)

### **Retirement Date**

The first or the fifteenth day of the month following the member's last date of covered employment. Actual payment of benefits will be on the first of each month and may be retroactive to the retirement date.

**Retirement Salary**

A member's reportable contract/additional TFFR salary plus member contributions paid by employer in lieu of a salary increase, if any.

**Salary (Contract/Additional)****■ Reportable**

A member's earnings in eligible employment for teaching, supervisory, administrative, and extracurricular services during a school year reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 132(f), 401(k), 403(b), 414(h), or 457.

Once a member is contracted to perform teaching, supervisory, administrative, or extracurricular services, additional pay earned by the member for the following activities is considered a part of retirement salary, even if no written agreement exists. For example:

- Advisor/Director/Monitor – activity funds; cheerleading; class; concession stand; drama/class plays; FCCLA/FFA; intramural sports program; lunchroom; math club; music program/pep band/jazz band/swing choir; newspaper; pep club; photography club; playground; science club; speech team; student council; yearbook staff; writers club; home school, etc.
- Adult education program
- Chaperoning school events
- Coaching and assistant coaching duties
- Consortium type work
- Curriculum development/writing (including grant writing)
- Driver's education
- Drug free school program
- Head Start program
- Indian education program
- Information Technology coordination and services
- In-service/workshops/conferences (not reimbursement for expenses)
- In-staff subbing
- School programs (Latch Key, Gifted and Talented)
- Service-related bonuses (performance, retention, or experience unless conditioned on a member's retirement or termination)
- Stipends, grants, etc.
- Summer school/summer programs (see page 32)
- Ticket taking at school events

**(The above list is not all-inclusive.)**

**Note:** It is the employer's responsibility to understand the IRS reporting requirements and be familiar with what is taxable income for federal and state tax purposes.

## TERMS AND DEFINITIONS

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### ■ Non-Reportable

According to state statutes, salary does not include:

- Fringe benefits or side, non-wage benefits which accompany or are in addition to a member's employment including insurance programs, annuities, transportation allowances, housing allowances, meals, lodging, and expense allowances, or other benefits provided by a member's employer.
- Insurance programs including medical, dental, vision, disability, life, long-term care, workers compensation, or other insurance premiums or benefits.
- Payments for unused sick leave, personal leave, vacation leave, or other unused leave.
- Early retirement incentive pay, severance pay, or other payments conditioned on or made in anticipation of retirement or termination.
- Teacher's aide pay, referee pay, bus driver pay (route or extracurricular), janitorial pay.
- Amounts received by a member in lieu of previously employer-provided benefits or payments that are made on an individual selection basis.
- Recruitment bonuses.
- Other benefits or payments not defined above that the Board determines to be ineligible TFFR salary.

### Service Credit

The proportion of compensated hours to 700 hours per year. A member cannot receive more than 1.000 year of service credit each year.

**Example:** Employer reports 650 compensated hours for a member. The service credit earned by the member is 0.929 ( $650/700 = 0.929$ ).

### Special Teachers

Licensed special education teachers, guidance counselors, speech therapists, social workers, psychologists, librarians, audiovisual or media coordinator, technology coordinators, and other staff members licensed by the Education Standards and Practices Board (ESPB) provided they are under contract with a school district or other participating employer to provide teaching, supervisory, administrative, or extracurricular services.

### State Agencies or Institutions (North Dakota)

Department of Public Instruction (DPI), Division of Independent Study, School for the Blind, School for the Deaf, Youth Correctional Center, and the State Board for Career and Technical Education.

### Substitute Teacher

A certified teacher that temporarily replaces the regular contracted licensed teacher. Substitute teachers include teachers performing in-staff subbing as well as teachers from outside your district performing subbing duties, long or short term. (See page 31.)

### Supervisory

To have general oversight or authority over students or teachers, or both, of a school district or other participating employer.

**Teacher**

All persons currently licensed to teach in North Dakota by the ESPB and contractually employed (including third party agreements) in teaching, supervisory, administrative, or extracurricular services by any state institution, special education unit, school board, or other governing body of a North Dakota school district. All public school teachers are required to be members of TFFR.

Teachers include:

- Superintendents
- Assistant superintendents
- Certified business managers
- Special teachers
- Superintendent, assistant superintendents, and supervisors of public instruction except for non-teaching employees of DPI who elected to transfer their plan membership to PERS
- Professional staff of the North Dakota High School Activities Association who were members of the Fund on 7-1-95
- Executive Director and professional staff of the North Dakota Education Association (NDEA) who were members of the Fund on 7-1-95
- County superintendents
- Assistant county superintendents
- Principals
- Assistant principals
- Professional staff of the State Board for Career and Technical Education
- Professional staff of the Division of Independent Study
- Professional staff of an interim school district
- Certified staff of teachers centers if previously a member of the Fund
- Employees and institutions under the control and administration of the State Board of Higher Education who were members of the Fund on 7-16-89

**Teacher's Aide**

A person that provides assistance to a licensed teacher or is under the direction of a teacher or administrator. (See page 31.)

**Teaching**

To impart knowledge or skills to students or teachers, or both, by means of oral or written lessons, instructions, and information.

**Time Certain Contracts**

A contract that states a specific term of employment (basketball season, track season, football season, range of dates; i.e. October 1 to November 31, etc.).

**Total Hours**

See Compensated Hours.

**Vested Member**

The retirement plan status attained by a teacher when the teacher has earned three years of service credit.

**Written Agreement**

A teaching contract, school board minutes, or other official document evidencing a contractual relationship between a teacher and participating employer.

## TERMS AND DEFINITIONS

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**NORTH DAKOTA CENTURY CODE (NDCC)**

NDCC 15-39.1-09 covers membership in TFFR and the payment of retirement contributions. Beginning on July 1, 1983, the State of North Dakota granted TFFR employers the authority to pay member contributions to the Fund. The primary advantage of this arrangement is the deferment of income taxes for TFFR members.

Each employer, at its option, may pay all or a portion of the member contributions for all compensation earned after June 30, 1983. The payment of the member contributions may be made by the employer through a salary reduction agreement or in lieu of a salary increase. If member contributions are paid by the employer, they must be treated as tax-deferred member contributions in determining income tax treatment. If member contributions are paid by the employer; they shall not be included as gross income of the teacher, for tax purposes, until they are distributed or made available. The employer shall pay these member contributions from the same source of funds used in paying compensation to the teachers. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases. (See model illustrations on pages 14-19.)

**INTERNAL REVENUE SERVICE (IRS)**

The IRS has authorized employer payment of member contributions to a retirement system, allowing these payments to be treated as tax-deferred member contributions when paid by the employer. Federal tax liability is realized when the member receives a retirement benefit or a refund. This authorization can be found in Section 414(h)(2) of the Internal Revenue Code (IRC).

Any specific questions concerning the tax status or Social Security status of member contributions should be directed to the IRS or Social Security Administration (SSA). Penalties levied by those agencies for improper reporting are the liability of the employer, not TFFR.

**EMPLOYER PAYMENT PLAN REQUIREMENTS**

Employer payment of member contributions to the Fund is allowed under the following conditions:

1. Participating employers must specify the model they intend to follow.
2. Teachers must not have the option of choosing to receive the contributed amounts directly instead of having them paid by the participating employer to the retirement fund.
3. All TFFR members reported by an employer must be covered by the model implemented by the participating employer. Members are not allowed the option to participate.
4. All TFFR members covered under such a plan must be treated equally. The administrators and teachers of a school district must follow the same model. Full and part-time teachers must follow the same model. There can be no variation of the adopted model for different groups of members in an employer unit.

## EMPLOYER PAYMENT PLAN

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5. Member contributions paid by the employer are to be based on the retirement salary reportable to the Fund as defined in this plan and outlined in the plan models.
6. Employer contributions must equal the member contributions.
7. Eligible salary, member and employer contributions must be certified and reported by the business manager/disbursing official on monthly reports. (See definition of Reports.)
8. Participating employers must report the payment of member and employer contributions to the Fund in an approved format.

Employers must file an Employer Payment Plan form with RIO (see page 44). The Employer Payment Plan will remain in effect until a written notice of cancellation or a new form is filed.

An employer will be required to file a new form:

- If the employer wishes to change the model or amount of member contributions paid by the employer in lieu of a salary increase.
- If the Legislature makes a change to the contribution rate.
- If the TFFR Board of Trustees makes a change to the models.

The plan must be implemented at the beginning of a school year (July 1). The form should be mailed to the Fund's administrative office with the first monthly report following the implementation of the plan.

The Fund does not allow the combination of plan models, i.e., the member is not allowed to tax-defer out-of-pocket member contributions if the employer agrees to pay a portion of the member contributions in lieu of a salary increase. (Example: Model 2 Partial, see page 17.)

Those employers that do not select a model will have member contributions treated as taxed contributions (No Model).

## EMPLOYER PAYMENT PLAN MODELS

Pages 14 through 18 illustrate the models approved by the TFFR Board of Trustees for use by employers who implement the Employer Payment Plan. The explanations below will assist employers in understanding the models.

### **Taxed Member Contributions**

The member contributions (all or a portion) are deducted from a member's check **after** taxes have been calculated under No Model, Model 2 (partial), and Model 3. These contributions do not affect the member's retirement salary and will be non-taxable in retirement or if refunded.

**Tax-Deferred Member Contributions**

The member contributions (all or a portion) are deferred until retirement or withdrawal. The employer can pay tax-deferred member contributions in one of two ways:

1. The employer elects to pay the member contributions through a salary reduction plan (Model 1). Therefore, the contributions are deducted from the member's pay **before** taxes are figured. These contributions do not affect the member's retirement salary, but result in a tax deferment for IRS/W-2 purposes.

**or**

2. The employer pays the contribution in lieu of a salary increase and does not include the amount paid in the member's income to the IRS/W-2 (Models 2 and 3). These contributions increase the member's retirement salary.

**Employer Contributions**

Contributions are paid by the employer on the member's retirement salary in the fiscal year the salary is earned.

**Note:** Total employer contributions must always equal member contributions.

**Changing Models**

If changing employer payment models is being discussed during the negotiation process, TFFR encourages employers to contact the administrative office for a cost analysis. (Example: Cost Analysis for Changing Models see page 20).



**NO MODEL****Employer Remittance of Taxed Member Contributions**

This example demonstrates how an employer should report member and employer contributions, and retirement salary when no model has been adopted. Under No Model, the employer withholds and remits the member contributions after taxes have been withheld.

**Example:**

Contract/additional TFFR Salary Earned by the Member	\$20,000.00	
<b><u>Retirement Salary</u></b>	<b><u>\$20,000.00</u></b>	
Employer Contributions	\$1,550.00	(Retirement Salary of 20,000 x .0775)
Taxed Member Contributions Withheld and Remitted by the Employer	\$1,550.00	(Retirement Salary of 20,000 x .0775)

**Note:** Under No Model, the income reported for federal and North Dakota state income tax purposes ***is not reduced*** by the amount of member contributions.

Taxable Salary Reported for Federal and ND State Income Tax Purposes	\$20,000.00
Taxable Salary Reported to Social Security	\$20,000.00

## MODEL 1

**Employer Remittance of ALL the Member Contributions Under a Salary Reduction Plan**

This model demonstrates how an employer should report member and employer contributions, and retirement salary under a salary reduction plan.

**Example:**

Contract/Additional TFFR Salary Earned by the Member	\$20,000.00
<b><u>Retirement Salary</u></b>	<b><u>\$20,000.00</u></b>
Employer Contributions	\$ 1,550.00 (Retirement Salary of 20,000 x .0775)
Tax-Deferred Member Contributions Withheld and Remitted by the Employer Under Salary Reduction Plan	\$ 1,550.00 (Retirement Salary of 20,000 x .0775)

**Note:** Under Model 1, the income reported for federal and North Dakota state income tax purposes ***is reduced*** by the amount of tax-deferred member contributions under a salary reduction plan.

Taxable Salary Reported for Federal and ND State Income Tax Purposes	\$18,450.00 (Retirement Salary of 20,000 less 1,550 Tax-Deferred Member Contributions)
Taxable Salary Reported to Social Security	\$20,000.00

**MODEL 2 (ALL)****Employer Payment of ALL the Member Contributions in Lieu of a Salary Increase**

This model demonstrates how an employer should report member and employer contributions and retirement salary when paying **all** of the member contributions in lieu of a salary increase.

**Example:** Employer agrees to pay **all** (7.75%) of the member contributions in lieu of a salary increase. An amount equal to 7.75% of the retirement salary will be included as retirement salary. All of the member contributions will be tax-deferred; no contributions will be taxed.

Contract/Additional TFFR Salary Earned  
by the Member

\$20,000.00

**Retirement Salary**

\$21,680.22 (Contract Salary of 20,000/  
1.0 - .0775)

Employer Contributions

\$ 1,680.22 (Retirement Salary of 21,680.22  
X .0775)

Tax-Deferred Member Contributions  
Paid by the Employer in Lieu of a Salary  
Increase

\$ 1,680.22 (Retirement Salary of 21,680.22  
X .0775)

**Note:** Under Model 2, the income reported for federal and North Dakota state income tax purposes ***is not reduced*** by the amount of tax-deferred member contributions paid by the employer in lieu of a salary increase.

Taxable Salary Reported for Federal and  
North Dakota State Income Tax Purposes

\$20,000.00

Taxable Salary Reported to Social Security

\$20,000.00

## MODEL 2 (PARTIAL)

**Employer Payment of A PERCENTAGE OF Member Contributions in Lieu of a Salary Increase**

This model demonstrates how an employer should report member and employer contributions, and retirement salary when paying a percentage of the member contributions.

***It is recommended the entire 7.75% be paid. However, a district may agree to pay the member contributions from 1% to 7.75%.***

**Example:** Employer agrees to pay member contributions at 4%, in lieu of a salary increase. An amount equal to 4% of the retirement salary will be included as retirement salary. Of the member contributions, 4% will be tax-deferred; the remaining 3.75% will be taxed.

Contract/Additional TFFR Salary Earned by the Member	\$20,000.00	
<b><u>Retirement Salary</u></b>	<b><u>\$20,833.33</u></b>	(Contract Salary of 20,000/ 1.0 - .04)
Employer Contributions	\$ 1,614.58	(Retirement Salary of 20,833.33 X .0775)
Tax-Deferred Member Contributions paid by the Employer in Lieu of a Salary Increase	\$ 833.33	(Retirement Salary of 20,833.33 X .04)
Taxed Member Contributions Withheld and Remitted by the Employer	\$ 781.25	(Employer Contributions \$1614.58 less Tax-Deferred Member Contributions of \$833.33)

**Note:** Under Model 2, the income reported for federal and North Dakota state income tax purposes ***is not reduced*** by the amount of tax-deferred member contributions paid by the employer in lieu of a salary increase.

Taxable Salary Reported for Federal and North Dakota State Income Tax Purposes	\$20,000.00
Taxable Salary Reported to Social Security	\$20,000.00

**MODEL 3**

**Employer Payment of a FIXED DOLLAR AMOUNT OF Member Contributions in Lieu of a Salary Increase**

Effective July 1, 2003, this model is no longer available. Employers currently using this model may continue as a closed group. Contact the administrative office for information on how to report member and employer contributions.

### Employer Payment Plan Models

All figures below are for TFFR informational purposes only

Row	Description	No Model	Model 1	Model 2 All	Model 2 (Partial)
A	Percentage or Dollar Amount to be Tax Deferred	-0-	7.75%	7.75%	4.00%
B	Contract/Additional Salary	20,000.00	20,000.00	20,000.00	20,000.00
C	Retirement Salary Reported to TFFR Calculation for TFFR Retirement Salary	20,000.00 B	20,000.00 B	21,680.22 B/(1-A)	20,833.33 B/(1-A)
D	Employer Contributions Due to TFFR Calculation for Employer Contributions	1,550.00 C*7.75%	1,550.00 C*7.75%	1,680.22 C*7.75%	1,614.58 C*7.75%
E	Tax Deferred Member Contributions Calculation for Tax Contributions	-0- A*C	1,550.00 A*C	1,680.22 A*C	833.33 A*C
F	Taxed Member Contributions Calculation for Taxed Contribution	1,550.00 D-E	-0- D-E	-0- D-E	781.25 D-E
G	Total Member Contributions Calculation of Total	1,550.00 E+F	1,550.00 E+F	1,680.22 E+F	1,614.58 E+F
H	Member's Take Home Pay (Before Taxes) Calculation for Take Home Pay	18,450.00 B-F	18,450.00 B-E	20,000.00 B-F	19,218.75 B-F
I	Reportable Income for Federal Taxes (Box 1) Calculation for Taxable Income	20,000.00 B	18,450.00 B-E	20,000.00 B	20,000.00 B
J	Reportable Wages Reported to FICA (Box 3, Box 5) Calculation for FICA Taxable Wages	20,000.00 B	20,000.00 B	20,000.00 B	20,000.00 B

**Note:** TFFR contributions are mandatory, not elective. Under all models, the amount of TFFR contributions withheld or paid by the district is not required to be entered on the W-2. If the district wishes to place this information on the W-2, it belongs in box 14.

# EMPLOYER PAYMENT PLAN

## NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

### COST ANALYSIS FOR CHANGING EMPLOYER PAYMENT PLAN MODELS

FROM MODEL 1 TO MODEL 2 (ALL) AT 7.75%

#### ASSUMPTIONS:

ALL INFORMATION BELOW IS FOR INFORMATIONAL PURPOSES ONLY

DISTRICT EMPLOYS 30 REPORTABLE TEACHERS

AVERAGE SALARY PER TEACHER IS \$30,000

DISTRICT IS CURRENTLY UNDER MODEL 1

### COMPARES MODEL 1 TO DISTRICT PAYING MEMBER CONTRIBUTIONS AT 7.75% IN LIEU OF SALARY INCREASE (Model 2) OR GIVING AN EQUIVALENT BASE SALARY INCREASE

ROW	FORMULA	CURRENT MODEL 1	PROPOSED MODEL 1 BASE SALARY INC	PROPOSED MODEL 2 @ 7.75%
A	AVERAGE CONTRACT/ADDITIONAL SALARY	\$ 30,000.00	\$ 32,520.33	\$ 30,000.00
B	% DISTRICT WISHES TO PAY OF MEMBER CONTRIBUTIONS	0.00%	0.00%	7.750%
C	RETIREMENT SALARY TO TFFR	A / (1 - B) \$ 30,000.00	\$ 32,520.33	\$ 32,520.33
D	TAXED MEMBER CONTRIBUTIONS	F - E \$ -		\$ -
E	TAX-DEFERRED MEMBER CONTRIBUTIONS	7.75% * C \$ 2,325.00	\$ 2,520.33	\$ 2,520.33
F	EMPLOYER CONTRIBUTIONS	C * 7.75% \$ 2,325.00	\$ 2,520.33	\$ 2,520.33
G	CONTRACT/ADDITIONAL SALARY	A \$ 30,000.00	\$ 32,520.33	\$ 30,000.00
H	CONTRIBUTIONS DEDUCTED FROM PAY CHECK	E \$ 2,325.00	\$ 2,520.33	\$ -
I	TAKE HOME PAY FOR TEACHER	G - H \$ 27,675.00	\$ 30,000.00	\$ 30,000.00
Take home pay increase before taxes			8.40% \$ 2,325.00	8.40% \$ 2,325.00
J	SALARY REPORTED FOR FEDERAL TAX	C - E \$ 27,675.00	\$ 30,000.00	\$ 30,000.00
	SALARY REPORTED FOR FICA WAGES	A \$ 30,000.00	\$ 32,520.33	\$ 30,000.00
EFFECT ON SCHOOL DISTRICT PAYROLL		MODEL 1	MODEL 1 BASE INCREASE	MODEL 2 @ 7.75%
L	TOTAL DISTRICT CONTRACT/ADDITIONAL SALARY	30 * A \$ 900,000.00	\$ 975,609.90	\$ 900,000.00
M	TFFR SALARY	L / (1 - B) \$ 900,000.00	975,609.90	\$ 975,609.76
N	MEMBER CONTRIBUTION PAID BY DISTRICT	M * B \$ -	\$ -	\$ 75,609.76
O	EMPLOYER CONTRIBUTIONS PAID BY DISTRICT	M * 7.75% \$ 69,750.00	\$ 75,609.76	\$ 75,609.76
P	FICA TAX PAID BY EMPLOYER	L * 7.65% \$ 68,850.00	\$ 74,634.16	\$ 68,850.00
Q	TOTAL PAYROLL EXPENSE FOR SCHOOL	L + N + O + P \$ 1,038,600.00	\$ 1,125,853.82	\$ 1,120,069.51
DISTRICT PAYROLL EXPENDITURE INCREASE OR			8.40% \$ 87,253.82	7.84% \$ 81,469.51

In addition, an analysis showing the effect a model change has on the individual payroll of a teacher will be included.

**EMPLOYER'S REPORT OF MEMBER AND EMPLOYER CONTRIBUTIONS**

All public school districts and state institutions are required by law to make monthly payments of contributions and submit monthly reports via diskettes, internet, or paper. Reports must be in a format that is approved by TFFR.

Payment of member and employer contributions and the monthly reports must be mailed to RIO by the 15<sup>th</sup> day of the month following the month in which the members' salaries are paid. If the 15<sup>th</sup> of the month falls on a weekend or holiday, the payment and report are due on the next business day.

Employer contributions due on August 15 are for all members earning a salary in July. This includes administrators whose contracts begin on July 1 and classroom teachers teaching summer school in July.

In all reporting formats (paper or electronic) the employer/school district is responsible for ensuring the information is true and correct, and that only authorized representatives submit such information to TFFR.

Any person who knowingly makes a false statement, falsifies, or permits to be falsified, any record or records in an attempt to defraud TFFR are guilty of theft and are punishable under the laws of the state of North Dakota.

**ELECTRONIC REPORTING**

An employer can use the computer to file monthly TFFR information. If your employer has the appropriate software, TFFR reporting can be very simple. Contact the administrative office for details on how to begin reporting electronically.

- **Monthly Diskettes**

When reporting by diskette, the label on the diskette must include the employer's reporting name, 5-digit employer number (county-district), type of computer system being used (IBM, Mac, etc.), and the month reported. Do not use even slightly damaged diskettes.

Before a diskette is submitted to TFFR, the employer should verify that there is data on the diskette. This can be accomplished by opening the file in your specific file manager program such as File Manager or Explorer. **Any diskette with incomplete or no information will be considered incorrectly reported and subject to a penalty.**

We also request that all employers wait ten days from the date that the diskette is submitted to TFFR to close the month. This will allow us time to review the diskette to determine if the data is complete and in the correct format. Once the month has been closed out, you may not be able to retrieve that month's information. We also suggest you create a second "back-up" disk in case the one you submit is unusable.

Our office can accept only one diskette per month from a school district (12 diskettes per school year).



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### • Internet Reporting

A TFFR file is created, similar to diskette reporting, and the information is saved to a diskette or to the computer hard drive in the event you need to retrieve a TFFR file from a month or two back. Make sure to keep two months back plus the current month.

To guarantee no disruptions of monthly reporting, TFFR will require a three-month testing period. During the testing period, in addition to sending the information via the internet, the school district must also continue sending a diskette, the paper printout, and their check. Once a district reports three continuous error-free months, TFFR will notify the district, in writing, that they have successfully completed the testing period and that they can discontinue sending duplicate reports on diskette.

To enter the testing phase to submit your district report using the internet, please contact our office. For employers currently using the internet, the following is the procedure to send your monthly employer report to TFFR.

- Enter <https://www.dpi.state.nd.us/ors> in the browser address box. You should then be able to log on with your user name and password.
- In the “Report” drop down menu, select “TFFR.”
- In the “School Year” drop down menu, select current fiscal year.
- Click the “Submit Choice” button.
- When the next screen appears, either enter a file name in the “Select file to submit” box, or click on the “Browse” button to pick one.
- Click the “Submit” button.
- System displays a status message indicating a successful transfer.
- Click on “Logout System.”
- TFFR sends email confirmation upon receiving a report.

### • Compatible Software Vendors

There are a few software systems that are used by employers within the state. The following is a list of the software vendors that are TFFR compatible at this time. This list does not include in-house software specifically written for certain employers.

RDA System, Inc.  
441 Main St  
Canton GA 30114  
Telephone: 1-800-338-4984  
Fax: (770) 479-4076  
E-mail: [dtc@rdasys.com](mailto:dtc@rdasys.com)  
Contact: Diane Clark  
Dave Davis  
Website: [www.rdasys.com](http://www.rdasys.com)

Software Unlimited  
617 W Algonquin Ste 201  
Sioux Falls SD 57104  
Telephone: 1-800-756-0035  
Fax: (605) 361-5443  
E-mail: [ktc@su-inc.com](mailto:ktc@su-inc.com)  
Contact: Kathy Coughlin  
[support@su-inc.com](mailto:support@su-inc.com)  
Website: [www.su-inc.com](http://www.su-inc.com)

Black Mountain Software  
830 Shoreline Dr  
Polson MT 59860  
Telephone: (406) 883-4819  
Fax: (406) 883-1029  
E-Mail: [shawn@blkmountain.com](mailto:shawn@blkmountain.com)  
Contact: Shawn Duthie  
Website: [www.blkmountain.com](http://www.blkmountain.com)

## PAPER (MANUAL) REPORTING (see page 48)

- **Member SSN, Name/Address Column**

Report the member's social security number, last name, first name, and middle initial. Complete the member's address in the space provided. **All** addresses must include a box number or street address, city, state, and zip code. The Post Office will not deliver mail without a three-line address.

- **Column 1 (Contract/Additional TFFR Salary)**

This column should include the monthly salary as outlined on pages 6 - 8. The salaries should be reported on the monthly report in the month that salary was earned. This should agree to the employer payroll records.

- **Column 2 (Retirement Salary)**

Retirement salary is determined by the model the employer has selected as follows:

1. Under No Model and Model 1, the retirement salary is the same as the contract salary that was entered in column 1.
2. Under Model 2 (Partial) and (All), the retirement salary is calculated by taking the contract salary in Column 1 and dividing it by one minus the percentage the employer is paying.

**Example 1:** A member has a monthly contract salary of \$1,550 and the employer is paying member contributions at 7.75%. The retirement salary is \$1,680.22 ( $1,550/(1.000-0.0775) = \$1,680.22$ ).

**Example 2:** A member has a monthly contract salary of \$1,550 and the employer is paying member contributions at 3.75%. The retirement salary is \$1,610.39 ( $1,550/(1.000-0.0375) = \$1,610.39$ ).

3. Under Model 3, the retirement salary is calculated by taking the contract salary and adding the dollar amount that the employer is paying for the member contributions. (Note: Model 3 only available to closed group after 7-1-03).

**Example:** A member has a monthly contract salary of \$1,550 and the employer is paying a total of \$1,200 over the term of 12 months. The retirement salary is \$1,650 ( $1,550 + (1,200/12) = \$1,650$ ).

- **Column 3 (Taxed Member Contributions)**

Complete this column if the employer is following No Model, Model 2 or 3 paying less than 7.75%. To calculate the amount to be recorded in Column 3, subtract Column 4 from Column 5 and enter the result in Column 3.

- **Column 4 (Tax-Deferred Member Contributions)**

Complete this column if the employer is following Model 1, Model 2, or Model 3. The contributions reported in this column are **not** included in the taxable income reported on

## REPORTING INFORMATION

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the member's W-2 tax forms. The calculation of the tax-deferred member contributions is dependent on the models as follows:

1. Under Model 1, the tax-deferred member contributions are calculated by taking the retirement salary times 7.75%.
2. Under Model 2 (Partial) and (All), the tax-deferred member contributions are calculated by taking the retirement salary times the percentage the employer is paying.

**Example 1:** A member has a monthly retirement salary of \$1,680.22 and the employer is paying member contributions at 7.75%. The tax-deferred member contributions would be \$130.22 ( $1,680.22 \times 7.75\% = \$130.22$ ).

**Example 2:** A member has a monthly retirement salary of \$1,680.22 and the employer is paying member contributions at 4.00%. The tax-deferred member contributions would be \$67.21 ( $1,680.22 \times 4.00\% = \$67.21$ ).

3. Under Model 3, the tax-deferred member contribution would be the monthly dollar amount the employer is paying for the member contributions.

**Example:** The employer is paying a total of \$1,200 over the term of 12 months. The tax-deferred member contributions would be \$100 ( $1,200/12 = 100$ ).

- **Column 5 (Employer Contributions)**

To calculate the employer contributions, take the retirement salary times 7.75%.

- **Column 6 (Last Date Worked)**

To be completed on your final report unless previously reported due to a member terminating employment during the school year. The last date worked is the last day the member was employed and compensated for during the fiscal year.

- **Column 7 (Total Hours)**

To be completed on your final report unless previously reported due to a member terminating employment during the school year. Report the number of hours the member was employed and compensated for during the fiscal year (cannot exceed 700 hours).

The calculation of total (compensated) hours is as follows:

**Days worked during the fiscal year X total hours worked each day.**

- **Certification of Completeness**

The business manager and/or the preparer must sign the report to verify the accuracy and completeness of the form submitted to TFFR.

## EMPLOYER REPORTING NOTES

**Note:** The amount reported must equal the amount paid to TFFR each month.

**Example:** *If the employer reports the June, July, and August payroll on the June report, the amount paid to TFFR should agree to the total member and employer contributions for those months. Do not wait until the individual payroll runs are completed.*

**Note:** Individuals who get pay checks in July and August, but will not work in those months, have already earned the pay. Report all member and employer contributions in the school year in which the pay is earned.

**Example:** *A teacher is paid twice a month. Prepare one report for the month after the second payroll is run, but before the month is closed out. Your system should compile the two pay periods together.*

**Example:** *A teacher is contracted to teach 9 months, ending in May, but receives a pay check over 10, 11, or 12 months. June, July, and August payroll runs for the current school year must be compiled on one report (June).*

**Note:** Taxed member contribution plus tax-deferred member contributions must equal employer contributions for each member and in total for all members reported.

**Note:** If an employer has no member and employer contributions to report, the employer must notify TFFR in writing that they will not be reporting anything for that month.

## ERRORS ON EMPLOYER REPORTS

Be sure the information on the monthly reports and/or Certification of Member Employment form is correct. Overpayment of refunds or monthly benefits based on inaccurate reporting by the employer will become the liability of that employer.

## EMPLOYER SUMMARY REPORT

TFFR will mail out an Employer Summary Report that lists all reported members and the total fiscal year-to-date information at the end of October, January, April, and August (see page 46).

Please review the following data each month to verify its accuracy:

1. Contract/Additional TFFR Salary
2. Retirement Salary
3. Taxed Member Contributions
4. Tax-Deferred Member Contributions
5. Employer Contributions
6. Last Date Worked
7. Total Hours

Please take time to review the Employer Summary Report. The following information will assist you when reviewing the report:

1. The “amount reported less payment difference” is the difference between the amount reported to date and the payments received to date.
  - If the amount listed here is a negative number, this indicates your payments are out of balance and you have underpaid TFFR.

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- If the amount is a positive number, it would indicate that the employer has paid more into TFFR than what has been recorded to individual member records. This could be due to the employer making the next month's payment early or the employer remitting too much money to TFFR.
- 2. If the employer is out of balance and the employer needs to make a payment or the Fund needs to refund the employer, the administrative office will contact the employer. Overpayments to TFFR will generally not be refunded but carried over to the next month.
- 3. In addition, please verify the following information on the report:
  - Social security number/name – make sure all social security numbers are correct and all members are listed.
  - Contract/additional TFFR salary – verify these amounts with your payroll data through the period on the report.
  - Payment – verify that the total amount listed in the payment column equals the payments minus refunds paid and received by the employer.

If any of the above information is incorrect, please contact the administrative office in writing.

## YEAR END REPORTING

**The final report must be postmarked no later than July 15<sup>th</sup>.**

At year-end, all salaries earned during the fiscal year but not yet reported to TFFR must be submitted on the final report. Additionally, all member records must be closed out before TFFR can proceed to the next fiscal year.

Payments to teachers or administrators made after June 30, that are for work performed prior to June 30 must be reported on the final report.

**Example 1:** A member is contracted to teach 9 months and agrees to get paid over 12 months. The contract is for \$30,000 and is to start September 1. The member would have \$2,500 ( $\$30,000/12$ ) reported for the months of September through May (total of 9 months). On the June report, the member would have \$7,500 ( $\$30,000/12*3$ ).

**Example 2:** A member is contracted to teach 12 months beginning July 1, for \$48,000. The member would have \$4,000 ( $\$48,000/12$ ) reported each month beginning July and ending June.

**Example 3:** A member is contracted to teach 9 months and agrees to get paid over 12 months. The contract is for \$30,000 and is to start in September. The member is also contracted to teach a summer school program (i.e. drivers education) for \$3,000. The summer school program runs from June 1 through July 15 (20 days in June and 10 days in July). The member would have \$2,500 ( $\$30,000/12$ ) reported for the months of September through May (total of 9 months). On the June report, the member would have \$9,500 ( $\$30,000/12*3$ ) + ( $\$3,000*20\text{ days}/30\text{days}$ ).

**Remember that all salaries are reportable in the school year earned regardless of when the salaries are paid.**

To close the teachers' records, TFFR needs compensated hours and last date worked for all members. We are unable to record one without the other. **The final report must include the compensated hours and last date worked.** Account adjustments must be in writing.

- **Compensated Hours (Total Hours)**

Compensated hours is the total number of hours a member is employed and compensated for in a school year (not to exceed 700 hours). These hours include the hours worked for any extracurricular duties plus the contracted teaching duties. The calculation for total (compensated) hours is as follows:

**Days worked during the fiscal year x hours worked each day.**

**Note:** If a member performs services for more than one employer under one contract, the contracting employer is responsible for reporting total hours and last day taught.

- **Last Date Worked (Taught)**

The last official date of employment for a member is the last day the member was employed and compensated during the fiscal year.

**Example 1:** A member signs a contract for 182 days for 8 hours per day. The contract starts August 26 and ends May 22. The member is to be compensated over a 9 month period. Total compensated hours are 1,456 hours (8 hours x 182 days = 1,456). Report the maximum 700 compensated hours and last date worked as May 22. The compensated hours and last date worked are reportable on the May report.

**Example 2:** A member signs a contract for 90 days for 7½ hours per day. The contract starts August 26 and ends January 10. The member is to be compensated over a 12 month period. Total compensated hours are 675 hours (7.5 hours x 90 days = 675). Report 675 compensated hours and last date worked as January 10. The compensated hours and last date worked are reportable on the June report.

**Example 3:** A member signs a contract for 180 days for 8 hours per day. The contract starts August 26 and ends May 22. The member takes 10 days of leave without pay. The member is being compensated over 9 months. Total compensated hours are 1,360 hours (8 hours x (180-10) days = 1,360). Report the maximum 700 compensated hours and last date worked as May 22. The compensated hours and last date worked are reportable on the May report.

**Note:** Last date worked is reported as mmddyyyy. Do not write out the dates on the monthly report or input the date as mmyyyy.

**Note:** If an employer has already closed the year and has no additional contributions to report, the employer must notify TFFR, in writing, for the months they will not be reporting.

In late August TFFR will mail the final fiscal year Employer Summary Report that lists all members reported, contract/additional TFFR salary, retirement salary, taxed member contributions, tax-deferred member contributions, employer contributions, last date worked, and total hours. Please review this report. If any information is incorrect, contact the administrative office as soon as possible. Account corrections must be in writing.

## **CHANGING EMPLOYER INFORMATION**

The employer is responsible for keeping TFFR informed of the employer's current mailing address, telephone and fax numbers, business manager and superintendent's/administrator's names. Complete the form on page 60 to notify our office, in writing, of any changes that are to be made.

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### REPORTING ERRORS

The TFFR Board is bound by law to take action if an employer fails to remit the monthly payments and/or file any of the required reports by the due date. Employers that do not meet the established deadlines will be assessed a civil penalty of \$250 and interest of 8% compounded annually on the amount due. We are also required to notify DPI to withhold state foundation payments until all TFFR reports are made and payments, penalties, and interest are paid.

Please avoid this problem by ensuring your TFFR reports and payments are postmarked no later than the due date.

When an unintentional error in the reporting of contributions by a district is discovered during an audit or review, the school district will be billed for all material shortages due plus interest; or refunded for all material overpayments.

### NEW MEMBER

A Member Action Form must be completed when a participating employer hires or rehires a teacher (see page 54). This form provides TFFR with important information including the member's legal name, social security number, current mailing address, and beneficiary(ies). Designating a beneficiary(ies) allows the member to direct payment of survivor benefits in the event of the member's death.

This form also lets TFFR know if the member is:

- Changing address or name
- Updating the beneficiary designation
- A new or current member
- Taking or returning from a leave of absence
- A retired teacher returning to teach
- A previous State of North Dakota employee

**Note:** If we do not receive the Member Action form within 30 days from the date the member is first reported to TFFR, the employer may be assessed a \$250 penalty for late reporting.

### DUAL MEMBERSHIP

Dual membership provides portability to members with service in TFFR and PERS, and/or the Highway Patrolmen's Retirement System (HPRS). For vesting and retirement eligibility, the years of service in these systems will be added together, with service not to exceed one year of credit in any fiscal year.

**Example:** A teacher age 58 with 25 years of TFFR service credit and 2 years of PERS service credit is eligible to retire under the Rule of 85. Age 58 + service credit 25 + 2 = 85.

Employees working multiple jobs in a school district that requires participation in TFFR and PERS will be reported to both systems based on job duties.

**Example:** Teacher A  
Full time teacher's aide September – May (Report to PERS)  
Also teaches summer school (Report to TFFR)

Teacher B  
Part time teacher's aide September – May (meets PERS minimum, report to PERS)  
Also teaches one class September – May (Report to TFFR)

**Exception:** Employees who elected to remain under the old law, which required multiple jobs under dual membership to be reported to the retirement system with the most service credit on file.

At retirement, dual members will be given the option of receiving their retirement benefits from TFFR and the alternate retirement plan under one of the following calculations:

1. Each retirement system will use their three highest salaries in the computation of final average salary and all the service credit earned in their system; or
2. The retirement systems will combine salaries to create the high three salaries in the computation of final average salary; however, the service credit recognized cannot exceed one year in any fiscal year. If overlapped service credit occurs, only one of the retirement systems will recognize the credit.

## **EMPLOYING A RETIRED TEACHER**

Retired TFFR members may return to TFFR covered employment under certain employment limitations. The limits apply to TFFR covered employment which includes teaching, supervisory, and administrative duties in a ND public school or state institution covered by TFFR except for extracurricular duties and professional development. For excluding hours toward the retiree annual hour limit, extracurricular means any duty outlined in the extracurricular schedule of an employer's master agreement, unless the duty was part of the retiree's regular job duties and base salary prior to retirement. The limits **do not** apply to:

- Substitute teaching (non-contracted)
- Teaching in public colleges and universities
- Teaching in private schools
- Employment outside of education
- Employment outside of ND

Keep in mind that under both federal and state law, a teacher must terminate employment in order to be eligible to retire and receive retirement benefits. Therefore, at the time of retirement, there can be no written pre-existing agreement indicating re-employment after retirement.

After the applicable waiting period, should a school district employ a retiree, both the retiree and the employer must notify TFFR by completing a TFFR Retired Member Employment Notification form within 30 days of employment. This form, along with a copy of the retiree's contract or employment agreement, must be submitted to the administrative office **each year** the retiree is employed. Failure to notify TFFR will result in a \$250 penalty for the employer and suspension of one month of retirement benefits for the retired member. If a retiree performs teaching, supervisory, or administrative duties for more than one TFFR covered employer, all hours worked for all covered employers must be counted toward the annual hour limit.

Because of the impact returning to work could have on the retiree's retirement benefits, we strongly encourage the retiree to contact our office to discuss all options. The following is a description of the retiree employment options:



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### General Rule – Annual Hour Limit

After 30 days elapse from the retirement date, a retiree may return to TFFR covered employment for a maximum annual hour limit in a fiscal year (July 1 – June 30). Monthly retirement benefits will continue; employer and employee contributions will not be paid to TFFR; and the monthly TFFR benefit amount will not be affected. The annual hour limit is based on length of contracted employment.

9 month contract = 700 hours  
10 month contract = 800 hours

11 month contract = 900 hours  
12 month contract = 1000 hours

**Example:** Jane Teacher retires July 1, 2005, and begins collecting monthly TFFR retirement benefits. On August 1, she signs a contract with a ND school district to work for 700 hours during the school year (4 hours/day for 175 days) as an English teacher. With the exception of substitute teaching, extracurricular duties, and professional development, all compensated hours count toward the 700 hour limit. Jane and her employer complete a TFFR Retired Member Employment Notification form and submit to TFFR for approval. Jane receives salary from the school district for the part-time employment, but no retirement contributions are paid to TFFR. Jane continues to receive her monthly TFFR retirement benefit while teaching part-time.

### Exception A – Critical Shortage Area

A retiree may return to TFFR covered employment in an approved critical shortage area (CSA) and exceed the annual hour limitation without losing retirement benefits. If retired on or prior to January 1, 2001, no waiting period is required. However, if the retirement date is after January 1, 2001, a one year waiting period is required before the retiree can consider this option. A retiree may perform non-contracted substitute teaching during the one year waiting period. Critical shortage areas will be determined each year by ESPB by rule. Each year, the retiree must re-apply for this exception and receive verification that it remains a critical shortage area. Like the General Rule, monthly retirement benefits will continue, employer and employee contributions will not be paid to TFFR, and the monthly TFFR benefit amount will not be affected.

**Example:** John Teacher retires July 1, 2005, and begins collecting monthly TFFR retirement benefits. He does some substitute teaching in 2005-06, then returns as a full-time teacher on July 1, 2006, in an approved critical shortage area. John and his employer complete a TFFR Retired Member Employment Notification form and submit to TFFR for approval. John receives salary from the school district for the full-time employment, but no retirement contributions are paid to TFFR. John continues to receive his monthly retirement benefit while working full-time in a critical shortage area.

### Exception B – Benefit Suspension and Recalculation

After 30 days elapse from the retirement date, a retiree may return to TFFR covered employment and exceed the annual hour limitation. A TFFR Retired Member Employment Notification must be completed and submitted to TFFR for approval within 30 days of employment. Under this option, the TFFR benefits will be suspended the first of the month following the month the annual hour limit is reached. At that time, employer and employee contributions must be paid on any salary earned after the annual hour limit based on the employer's TFFR payment model. In addition, a completed Member Action Form is required. Remember, do not report retired teachers on the monthly reports until they exceed the annual hour limitation.

Reportable salary is another point to consider if you are reporting a retiree after the annual hour limit and the retiree is paid over more than nine months.

**Example:** Sally Teacher retires July 1, 2005, and begins collecting monthly TFFR retirement benefits. On August 1 she signs a contract with a ND school district to work for 900 hours during the school year (5 hours/day for 180 days) as an English teacher. (Critical shortage does not apply since one year waiting period was not met). Sally receives salary from the school district for the nine months of part-time employment paid over 12 months. Sally reaches the 700 hour limit on March 15, 2006, and her TFFR benefits are suspended on April 1. The employer must begin reporting Sally on the March report for the salary earned after March 15. Since Sally's contract is paid over 12 months, the amounts the employer reports for March, April, and May will be less than the actual salary earned, and the June report for the final three payments will create an overpayment to TFFR. This situation can be manually corrected at year end or, if possible, ask retirees returning to covered employment to receive their pay over the contracted months for the first year back. This is not an issue after the first year, only the year of suspension.

Upon re-retirement, the retiree's benefits may be recalculated. If re-retirement occurs with:

- Less than 2 years of additional earned service credit - receive discontinued benefit plus benefit increases granted during the benefit suspension and a refund of any additional employee contributions paid plus interest.
- 2-5 years - greater of the discontinued annuity, plus additional years at the new multiplier, plus benefit increases granted during the suspension **or** all the years recalculated at the new multiplier, less an actuarial offset for the amount of benefits already paid.
- 5 or more years - greater of the calculation above or the retirement benefit recalculated using all the years at the new multiplier with no actuarial offset.

## **TEACHER'S AIDE**

The general rule is that teacher's aides are not reportable to TFFR because they are not contracted to provide teaching, supervisory, administrative, or extracurricular duties. However, an individual that is issued a teacher's aide contract or written agreement, holds a valid teacher's certificate, and meets the requirements for the particular grade level in which the individual is working - is reportable to TFFR if the individual is actually performing teaching duties. When trying to decide if the teacher's aide is providing teaching services, review the job duties.

## **SUBSTITUTE TEACHER**

The general rule is that substitute teachers are not reportable to TFFR since they are not contracted teachers. The only time a substitute teacher is reportable is if:

- The teacher is under a contract (written agreement) to perform the substitute teaching services.
- The teacher is already under a time certain contract to perform teaching services, and while under this contract, performs substitute teaching duties.
- The teacher performs in-staff subbing.

If a teacher performs non-contracted substitute teaching duties outside of a time certain contract, the substitute teaching compensation is not reportable.

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### REDUCING SALARY/COMPENSATED HOURS TO PAY FOR A SUBSTITUTE TEACHER

If a TFFR member's salary is reduced to pay for a substitute teacher, the corresponding number of days or hours must be deducted from the days taught when calculating the compensated hours for TFFR purposes.

**Example:** A member misses one day of work and the substitute teacher's pay is deducted from the member's salary. One day must be subtracted from the contracted hours when determining the compensated hours. If a member has  $\frac{1}{2}$  of the substitute teacher pay withheld from his/her pay, that member's contracted hours should be decreased by  $\frac{1}{2}$  day when figuring out the compensated hours.

### SUMMER SCHOOL AND SUMMER PROGRAMS

Summer school teaching and summer programs like driver's education are generally reportable to TFFR because the teachers are under contract with the school district. In some cases, the district may not issue summer school contracts to any of its summer school teachers, but hires a summer school teacher from within the district. If so, the summer school teaching is reportable to TFFR because the teacher is contracted with the district. However, if the district does not issue summer school contracts to any of its summer school teachers, but hires a summer school teacher from outside the district, only the summer school teacher from outside your district is not reportable to TFFR.

Summer school teaching and summer programs must be reported in the fiscal year in which the pay is earned. Salary earned for most summer programs (including driver's education) will be reported in two fiscal years.

**Example:** A licensed member is contracted to teach a summer school program (i.e. driver's education) from June 1 through July 15 (20 days in June and 10 days in July). The employer needs to report the salaries and hours for the work performed (earned) from June 1 to June 30 on the June report and the salaries and hours for the work performed (earned) from July 1 to July 15 on the July report regardless of when the salaries were paid.

### LEAVE OF ABSENCE

A Member Action Form must be completed when a member is granted a leave of absence and another is required upon the member's return to TFFR covered employment (see page 54). Members on a leave of absence may not refund their TFFR account or begin regular retirement benefits. However, TFFR disability benefits may be paid if a member is on medical leave and has used, forfeited, or been paid out of all of their sick leave benefits.

Types of Leave:

- Personal
- Education
- Legislative

An active member who serves in the ND Legislature is allowed to purchase service credit lost while in attendance at legislative sessions and/or legislative committee meetings.

As an alternative to purchasing the legislative service credit, the teacher may enter into an agreement with the employer by which payment for service credit for the time spent at each legislative session is made as though the teacher was not on a leave of absence. Under such an agreement, employee and employer contributions should be calculated based on the teacher's annual salary without reduction for a leave of absence taken by the teacher during the legislative session.

- **Medical**  
Employers can notify TFFR if a member is leaving teaching due to medical reasons. Upon notification, TFFR disability information will be sent to the member.
- **Military**  
The Uniformed Services Employment and Reemployment Rights Act (USERRA) affects TFFR members who have their North Dakota teaching career interrupted by military duty. USERRA qualified service will be recognized for vesting and Rule of 85 eligibility. However, a member's benefit will not be calculated using the military service time unless the military credit is purchased. If eligible, the cost to purchase military service credit and lost retirement salary is as follows:

Model 1	Member pays employee contribution (7.75% of lost salary); employer pays employer contribution (7.75% of lost salary)
Model 2 All	Member pays 0; employer pays employer and employee contribution (15.5% of lost retirement salary)
Model 2 Partial & Model 3	Member and employer each pay their part of the employee contribution (total 7.75% of lost retirement salary); employer pays employer contribution (7.75% of lost retirement salary)

Once TFFR is notified a member has returned to covered employment and is eligible to purchase military service credit under USERRA, the cost to purchase will be calculated and a request for payment will be sent to the employer.

### **MEMBER WHO TERMINATES EMPLOYMENT (resignation, retirement, disability or death)**

If a member resigns, retires, becomes disabled, or dies before the end of the school year, the member's total compensated hours and last date worked must be reported on the monthly report following termination, in addition to contract/additional TFFR salary, retirement salary, and contributions.

The business manager may also need to complete a Certification of Member Employment form for members who meet special circumstances such as death and disability claims, mid-year terminations and retirements, refund waiver requests, etc. (see page 36). Keep a copy of this form for your records.

This information is very important and must be accurate. It is the basis for determining how much a member will receive in retirement or refund benefits. Any errors could create an additional liability for the Fund which, in turn, will revert to the employer. If information changes after the form or report is submitted, contact the Fund's administrative office as soon as possible.

## REPORTING INFORMATION

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### EMPLOYER SERVICE PURCHASE

Under current law, teachers are allowed to purchase service credit for use toward retirement eligibility. Beginning August 1, 2003, employers will also be able to purchase service credit on behalf of TFFR members. Employer service purchases may be made under the following conditions.

1. The member **may not** be given the option to choose between an employer service purchase and an equivalent amount paid in cash. As long as the member has no "cash-or-deferred" choice, the member is not taxed on the purchase.
2. The member must be eligible or nearly eligible for retirement. To be eligible, either the sum of the member's age plus service credit must be at least 77, or the member must be at least age 55 with at least three years of service credit.
3. The employer may purchase a maximum of three years of credit for the member under guidelines developed by the employer.
4. The purchase price must be determined on an actuarially equivalent basis which takes into consideration the member's age, salary, and increase in benefits that will be paid as a result of the service credit purchase.
5. The employer must pay the purchase price in a lump sum prior to the member's retirement. Once the amount is paid to TFFR, the service credit purchased will be added to the member's account. However, the actual dollars do not become a part of the member's account value.

To implement this new provision, employers will need to develop specific guidelines to be followed in deciding for whom they will purchase service. For example, an employer may wish to use the employer service purchase feature as part of an early retirement program or employee retention program. In developing guidelines, the employer must comply with the federal Age Discrimination in Employment Act (ADEA) and other federal and state laws. TFFR must also determine compliance with IRC Section 415 benefit limitations.

Employers should work with legal counsel in developing appropriate policies to ensure legal compliance.

TFFR is not itself a party to the agreement between the employer and the member. In general, TFFR will provide the purchase price amount to the employer, and if the service is purchased, TFFR will credit the service to the member.

Any employer interested in purchasing service credit on behalf of a member should contact the administrative office for a cost estimate and employer service purchase form.

**TFFR FORMS**

The following forms should be completed by the business manager and/or member and returned to the Fund's administrative office. It is the business manager's responsibility to see that the forms are completed correctly. Questions regarding completion of the forms should be directed to our office.

Every year, a new supply of forms is sent to each employer. However, you may request additional forms at any time by contacting our office or printing them from our website at [www.discovernd.com/rio](http://www.discovernd.com/rio). Please destroy outdated forms.

<b>FORM/REPORT NAME</b>	<b>PAGE #</b>
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DESIGNATION OF BENEFICIARY FORM.....	40
EMPLOYER PAYMENT PLAN.....	44
EMPLOYER SUMMARY REPORT.....	46
EMPLOYER'S REPORT OF MEMBER AND EMPLOYER CONTRIBUTIONS (ERAC).....	48
TFFR RETIRED MEMBER EMPLOYMENT NOTIFICATION.....	50
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NOTICE OF TERMINATION.....	58
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### **CERTIFICATION OF MEMBER EMPLOYMENT**

The business manager may need to complete a Certification of Member Employment form for members who meet special circumstances such as death and disability claims, mid-year terminations and retirements, refund waiver requests, etc. Complete this form once the teaching duties are concluded. Keep a copy of this form for your records.

If a member resigns, retires, becomes disabled, or dies before the end of the school year, the member's total compensated hours and last date worked must be reported on the monthly report/diskette following termination, in addition to contract/additional TFFR salary, retirement salary, and member and employer contributions.

This information is very important and must be accurate. It is the basis for determining how much a member will receive in retirement or refund benefits. Any errors could create an additional liability for the Fund which, in turn, will revert to the employer. If information changes after the form is submitted, contact the Fund's administrative office as soon as possible.



# CERTIFICATION OF MEMBER EMPLOYMENT (120)

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

TEACHERS' FUND FOR RETIREMENT DIVISION

SFN 11732 (5-03)

**This form is needed for members who are requesting death, disability, retirement, or refund benefits. After the TFFR member has concluded teaching duties, complete this form. See reverse side for instructions. Be sure the information is correct. Overpayment of TFFR benefits to the member based on inaccurate data will be the liability of the employer. Attach a copy of the member's contract and any comments you wish to make.**

In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number is used for tax reporting and as an identification number.

## Member Employment:

Name of Member (First, Middle, Last)		Social Security Number	Fiscal Year Certified 07-01-_____ through 06-30-_____
First Date of Work	Last Date of Work		Number of Compensated Hours (700 maximum)

## Monthly Report for Certified Fiscal Year:

Month	(1) Contract/Additional TFFR Salary	(2) Retirement Salary	(3) Taxed Member Contributions	(4) Tax Deferred Member Contributions	(5) Employer Contributions
July					
August					
September					
October					
November					
December					
January					
February					
March					
April					
May					
June					
Total					
			Column (3) + (4) must equal 7.75% of Column (2)		Column (5) must equal 7.75% of Column (2)

Name of Employer

Employer No. (5-digit)

Signature of Business Manager

Date

Telephone Number

### Return to:

ND Retirement and Investment Office  
1930 Burnt Boat Drive, P.O. Box 7100  
Bismarck, ND 58507-7100  
Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897  
[www.discovernd.com/rio](http://www.discovernd.com/rio)

### RIO Use Only.

- |                                     |                                     |
|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> Retirement | <input type="checkbox"/> Survivor   |
| <input type="checkbox"/> Refund     | <input type="checkbox"/> Correction |
| <input type="checkbox"/> Disability | <input type="checkbox"/> Other      |

This form is available in an alternate format upon request.

White - RIO

Yellow - Member



## CERTIFICATION OF MEMBER EMPLOYMENT INSTRUCTIONS

### 1. Member employment section

"First Date of Work" is the first day the member was compensated for in the certified school year.

"Last Date of Work" is the last day the member was compensated for in the certified school year.

"Number of Compensated Hours (Total Hours)" is the number of hours a member is employed and compensated for in a school year (not to exceed 700 hours). The calculation for compensated hours is as follows:

■ **Days worked during the fiscal year X total hours worked each day.**

**Example 1:** A member signs a contract for 182 days for 8 hours per day. The contract starts August 26 and ends May 22. The member is to be compensated over a 9-month period. Total compensated hours are 1,456 hours (8 hours X 182 days = 1,456). Report the maximum 700 compensated hours and last date worked as May 22. The compensated hours and last date worked are reportable on the May report.

**Example 2:** A member signs a contract for 90 days for 7½ hours per day. The contract starts August 26 and ends January 10. The member is to be compensated over a 12-month period. Total compensated hours are 675 hours (7.5 hours X 90 days = 675). Report 675 compensated hours and last date worked as January 10. The compensated hours and last date worked are reportable on the June report.

**Example 3:** A member signs a contract for 180 days for 8 hours per day. The contract starts August 26 and ends May 22. The member takes 10 days of leave without pay. The member is being compensated over 9 months. Total compensated hours are 1,360 hours (8 hours X 170 days = 1,360). Report the maximum 700 compensated hours and last date worked as May 22. The compensated hours and last date worked are reportable on the May report.

### 2. Monthly report section

Report contract/additional salary, retirement salary, member and employer contributions on a monthly basis (the same as you would on your monthly report). The total of taxed member contributions and tax deferred member contributions must equal 7.75% of the retirement salary.

Be sure the information on the certification form is correct. **Overpayment to the member based on inaccurate data will be the liability of the employer.**

**If you have any questions, please contact the Administrative Office.**

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**DESIGNATION OF BENEFICIARY FORM**

A Designation of Beneficiary Form may be used instead of a Member Action Form if the member wishes to name a contingent beneficiary(ies).

**DESIGNATION OF BENEFICIARY (020)**

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

TEACHERS' FUND FOR RETIREMENT DIVISION

SFN 10341 (2-01)

**Please see reverse side for instructions and important information on naming a beneficiary(ies) and death benefits available.** In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number is used for tax reporting and as an identification number.

Name (First, Middle, Last)		Social Security Number	Sex	Birthdate
Mailing Address (Street or Box)		City	State	Zip Code
Married <input type="checkbox"/> Single <input type="checkbox"/>	Maiden Name	Work Phone Number	Home Phone Number	
Name of Spouse (First, Middle, Last)			Spouse Social Security Number	

Primary Beneficiary(ies)	Relationship	Social Security Number	Date of Birth	% Share	Address
Total must equal				100%	

Contingent Beneficiary (ies) (Optional)	Relationship	Social Security Number	Date of Birth	% Share	Address
Total must equal				100%	

**SPOUSAL CONSENT**

**If you are married, and designate a beneficiary other than your spouse, your spouse must consent in writing to the alternate beneficiary (NDCC 15-39.1-04).**

I have read and understand the death benefit information on the reverse side. I consent to the above named beneficiary(ies) designated by the above named TFFR member.

---

Signature of Spouse

---

Date**MEMBER'S SIGNATURE**

I have read and understand the death benefit information on the reverse side. I designate the above named beneficiary(ies) to my TFFR account.

---

Signature of Member

---

Date**RETURN TO:**

ND Retirement and Investment Office  
1930 Burnt Boat Drive  
P.O. Box 7100  
Bismarck, ND 58507-7100  
Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897  
[www.discovernd.com/rio](http://www.discovernd.com/rio)

This form is available in an alternate format upon request.

White - RIO

Yellow - Member

**Instructions for Completing Designation of Beneficiary Form:**

Please complete each section of this form (unless not required). If you need additional space to name multiple beneficiaries, attach a separate sheet. Sign the form and have your spouse sign the form if you are married and do not designate your spouse as beneficiary.

Your beneficiary designation is subject to the governing statutes and rules and regulations established by the Board of Trustees of the ND Teachers' Fund For Retirement. The acceptance of this designation does not establish that a survivor benefit will be payable. Whether or not a benefit is payable and the amount thereof, will be determined at the time of death under laws and regulations then applicable.

THIS DESIGNATION OF BENEFICIARY REVOKES ANY PRIOR FORM. PLEASE KEEP YOUR DESIGNATION CURRENT BY UPDATING YOUR BENEFICIARY IF YOU MARRY, DIVORCE, HAVE CHILDREN, OR IF YOUR SPOUSE OR OTHER BENEFICIARY DIES.

**Naming a Primary Beneficiary**

TFFR members should designate a beneficiary(ies) in writing for the purpose of directing payment of a claim due to a member's death.

If you are married, you must name your spouse as beneficiary or provide written spousal approval to name an alternate beneficiary. If you are not married, or if you have written spousal consent, you can name any person (up to 10), organization, church, or charity as beneficiary of your retirement account. However, if more than one beneficiary is named, they are not eligible to receive a monthly annuity for life. Also, if more than one person is named as beneficiary, they will share equally in the survivor benefit unless specific percentages are designated. If specific percentages are designated, they must equal 100 percent.

If you do not designate a beneficiary, death benefits (if any) will be paid to your surviving spouse; if none, to your surviving children; if none, to your estate.

**Naming a Contingent Beneficiary (Optional)**

Naming a contingent beneficiary(ies) is **OPTIONAL**. This section should only be completed if you do not wish survivor benefits to be paid in the order provided by state law (surviving spouse, surviving children, estate). Benefits will be paid to your contingent beneficiary only if your primary beneficiary is deceased.

**Death Benefits**

If a member's death occurs prior to retirement, the beneficiary/survivor of a nonvested member (less than three years of service credit) will be eligible for a refund of account value (assessments plus interest). Survivors of vested members (three or more years of service credit) will be eligible for: 1) refund of account value; or 2) monthly reduced annuity for life under 100% Joint and Survivor option (not available if more than one beneficiary is named); or 3) sixty monthly annuity payments equal to the member's Single Life Annuity without reduction for age.

If a member's death occurs after retirement, the death benefit your beneficiary/survivor receives (if any) is based on the plan you select at retirement.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE ADMINISTRATIVE OFFICE.

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### EMPLOYER PAYMENT PLAN

Employers must file an Employer Payment Plan form with TFFR. The Employer Payment Plan will remain in effect until a written notice of cancellation or a new form is filed. An employer will be required to file a new form:

- When the employer wishes to change the model or amount of member contributions paid by the employer in lieu of a salary increase.
- When the Legislature makes a change to the models.
- When the TFFR Board of Trustees makes a change to the models.

The plan must be implemented at the beginning of a school year (July 1). The form should be mailed to the Fund's administrative office with the first monthly report following the implementation of the plan.

The Fund does not allow the combination of plan models, i.e., the member is not allowed to tax-defer out-of-pocket contributions if the employer agrees to pay a portion of the member contributions in lieu of a salary increase.

Employers that do not select a model will have member contributions treated as taxed member contributions (No Model).

For detailed employer payment plan model information see pages 14 through 20.

**EMPLOYER PAYMENT PLAN (800)**

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

TEACHERS' FUND FOR RETIREMENT DIVISION

SFN 7894 (5-03)

Employer Name		Employer Number
Administrator	Business Manager	

Please refer to the TFFR Employer Guide for information and examples of the models available to the employer. Before changing models, TFFR encourages employers to contact the administrative office for a model cost analysis.

Date Employer Payment Plan Implemented

July 1 \_\_\_\_\_ (year)

**Model Selected (check one)**

- ☐ Model 0 - Employer withholds and remits taxed member contributions.  
Percent withheld from employee – Taxed 7.75%
- ☐ Model 1 - Employer withholds and remits ALL of the member contributions under a salary reduction plan.  
Percent withheld from employee - Tax Deferred 7.75%
- ☐ Model 2 - Employer pays all or a portion of the member contributions in lieu of a salary increase.

Note: If the employer does not pay the full 7.75% in lieu of a salary increase, the remaining contributions withheld from the member and remitted by the employer are taxed.

Percent Paid by Employer - Tax Deferred \_\_\_\_\_ % (Up to 7.75%)

Percent Paid by Employee - Taxed \_\_\_\_\_ % (Balance)

- Model 3 - This model is no longer available. If currently using Model 3 and would like to change the picked up dollar amount contact the Administrative Office.

I understand the terms and conditions of the Employer Payment Plan model selected above under which the employer will report member and employer contributions. I understand that this Employer Payment Plan will remain in effect until a written notice of cancellation or a new plan is filed. I realize a new plan may be filed at the beginning of each fiscal year. I also understand that any penalties levied by the Internal Revenue Service or Social Security Administration for improper reporting are the liability of the employer, not TFFR.

**RETURN TO:**

ND Retirement and Investment Office  
1930 Burnt Boat Drive  
P.O. Box 7100  
Bismarck, ND 58507-7100

Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897

[www.discovernd.com/rio](http://www.discovernd.com/rio)  
White - RIO Yellow – Employer

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**Authorized Signature of Employer**

---

**Title**

---

**Date**



### EMPLOYER SUMMARY REPORT

TFFR will mail out at the end of October, January, April, and August an Employer Summary Report that lists all reported members and the total fiscal year-to-date information for:

- Contract/additional TFFR salary
- Retirement salary
- Taxed member contributions
- Tax-deferred member contributions
- Employer contributions
- Last date worked
- Total hours

Additional Employer Summary Report information can be found on page 25.

08/15/2003

## NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

TI6-680-AA

PAGE 1

## EMPLOYER SUMMARY REPORT

FISCAL YEAR 07/01/2003 THRU 06/30/2004

EMPLOYER: SCHOOL DISTRICT

CO. 99 DIST. 999

SSN/NAME	(1) CONTRACT/ADDL TFFR SALARY	(2) RETIREMENT SALARY	(3) TAXED MEM CONTRIB	(4) TAX DEFERRED MEM CONTRIB	(5) EMPLOYER CONTRIBUTIONS	(6) LAST DATE WORKED	(7) TOTAL HOURS
999-99-9999 TEACHER, JANE A	6,000.00	6,000.00	0.00	465.00	465.00		
999-99-9999 TEACHER, JOE E	5,000.00	5,000.00	0.00	387.50	387.50		
TOTAL TEACHERS 2	TOTALS 11,000.00	11,000.00	0.00	852.50	852.50		

**** EMPLOYER TOTALS	MONTH	AMOUNT REPORTED	PAYMENT	(3) TAXED MEM CONTRIB	(4) TAX DEFERRED MEM CONTRIB	(5) EMPLOYER CONTRIBUTIONS
	07/2003	1,705.00	1,705.00	0.00	852.50	852.50
	TOTALS	1,705.00	1,705.00	0.00	852.50	852.50
EMPLOYER LESS EMPLOYEE TOTAL DIFFERENCE		0.00		0.00	0.00	0.00
AMOUNT REPORTED LESS PAYMENT DIFFERENCE			0.00			

THIS IS A YEAR-TO-DATE SUMMARY OF THE CONTRIBUTIONS THAT YOU HAVE SUBMITTED TO TFFR. PLEASE REVIEW EACH MEMBER'S RECORD FOR ACCURACY AND NOTIFY US IMMEDIATELY OF ANY CHANGES. RETAIN THIS COPY FOR YOUR RECORDS.

ND RETIREMENT & INVESTMENT OFFICE  
 TEACHERS' FUND FOR RETIREMENT  
 PO BOX 7100  
 BISMARCK, ND 58507-7100  
 (701)328-9885 OR (800)952-2970 / FAX (701)328-9897

### EMPLOYER'S REPORT OF MEMBER AND EMPLOYER CONTRIBUTIONS (ERAC)

All public school districts and state institutions are required by law to make monthly payments of member and employer contributions and submit monthly reports via diskettes, internet or paper. Reports must be in a format that is approved by TFFR. Payments and reports must be postmarked by the 15<sup>th</sup> day of the month following the month in which the members' salaries are paid.

The report must include the following information:

- Member's social security number, name, and address
- Contract/additional TFFR salary
- Retirement salary
- Taxed member contributions
- Tax-deferred member contributions
- Employer contributions
- Last date worked
- Total hours/compensated hours
- Certification of completeness

**Note:** If the 15<sup>th</sup> of the month falls on a weekend or holiday, the payment and report are due on the next business day.

For detailed ERAC information see page 23.

PAGE \_\_\_\_

(yyyy)

MODEL: \_\_\_\_\_

(include area code)

**TFFR RETIRED MEMBER EMPLOYMENT NOTIFICATION**

Employers are required to notify TFFR each year a retired member returns to teaching, supervisory, or administrative duties by completing the TFFR Retired Member Employment Notification form.

For detailed information on employing a retired teacher see page 29.



## TFFR RETIRED MEMBER EMPLOYMENT NOTIFICATION (330)

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

TEACHERS' FUND FOR RETIREMENT DIVISION

SFN 52161 (4-05)

In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number is used for tax reporting and as an identification number.

**General Information:** State statutes (NDCC 15-39.1-19.1) allow a retired TFFR member to return to TFFR-covered employment under certain employment limitations. A summary of retiree employment options is outlined on the reverse side of this form. This form, along with a copy of the retiree's contract or employment agreement, must be submitted to the administrative office **each year** the retiree is employed.

### Section 1: Completed by Retiree

Name of Retiree		Social Security Number	Telephone Number	Retirement Date
Employer	Position	Post Retirement – first day of work	Post Retirement – last day of work	
Number of Compensated Hours	Salary	Were you employed during the previous fiscal year? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, Employer: Position:	

Select only one option for July 1 \_\_\_\_\_ - June 30 \_\_\_\_\_ fiscal year:

☐ **General Rule - Annual Hour Limit**

9 month contract = 700 hours

10 month contract = 800 hours

11 month contract = 900 hours

12 month contract = 1,000 hours

☐ **Exception A – Critical Shortage Area (CSA)**

Approved CSA ☐ Yes ☐ No ☐ Subject Area ☐ Geographic

\_\_\_\_\_  
ESPB Signature

\_\_\_\_\_  
Date

☐ **Exception B – Benefit Suspension and Recalculation**

Year 1 ☐ Year 2 ☐ Year 3 ☐ Year 4 ☐ Year 5 ☐

Approximate date annual hour limit is reached (first year only)  
\_\_\_\_\_

I certify that I have reviewed the retiree return to work options on the reverse of this form and understand the employment limitations. The above information is a complete and accurate description of my employment arrangement.

\_\_\_\_\_  
Signature of Retiree

\_\_\_\_\_  
Date

### Section 2: Completed by Employer

Employer Name	Employer Number	Telephone Number	Attach Employment Contract or Agreement
Business Manager Name	Superintendent Name		

I certify that I have reviewed the retiree return to work options on the reverse of this form and understand the employer reporting requirements. The above information is a complete and accurate description of the employment arrangement with the retired TFFR member. I will notify TFFR of any change in the employment arrangement.

\_\_\_\_\_  
Signature of Employer

\_\_\_\_\_  
Date

**Return to:**

ND Retirement and Investment Office  
1930 Burnt Boat Drive, PO Box 7100  
Bismarck ND 58507-7100  
Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897  
[www.discovernd.com/rio](http://www.discovernd.com/rio)

**RIO Use Only**

Letter Sent \_\_\_\_\_

Benefits Continue ☐ Y ☐ N

Benefits Suspended \_\_\_\_\_

This form is available in an alternate format upon request.

White – RIO

Yellow – Employer

Pink – Retiree

### **Summary of Retiree Return to Work Options**

A retiree may return to TFFR covered employment under certain employment limitations. The limits apply to TFFR covered employment which includes teaching, supervisory, and administrative services in a ND public school or state institution covered by TFFR except for extracurricular duties and professional development. The limits **do not** apply to:

- Substitute teaching (non-contracted)
- Teaching in public colleges and universities
- Teaching in private schools
- Employment outside of education
- Employment outside of ND

Failure to notify TFFR when a retiree returns to TFFR covered employment will result in the loss of one month's annuity benefit. Notification must be in writing.

### **General Rule - Annual Hour Limit**

After 30 days elapse from the retirement date, a retiree may return to TFFR covered employment for a maximum number of hours in a fiscal year (July 1 – June 30) and continue to receive TFFR monthly retirement benefits. Employer and employee contributions will not be paid to TFFR; and the monthly TFFR benefit amount will not be affected. The annual hour limit is based on the length of employment.

9 month contract =	700 hours
10 month contract =	800 hours
11 month contract =	900 hours
12 month contract =	1000 hours

### **Exception A – Critical Shortage Area**

A retiree may return to TFFR covered employment in an approved critical shortage area (CSA) and exceed the annual hour limitation without losing retirement benefits. If retired prior to January 1, 2001, no waiting period is required. However, if the retirement date is after January 1, 2001, a one-year waiting period is required. A retiree may perform non-contracted substitute teaching during the one-year waiting period. Critical shortage areas will be determined each year by the Education Standards and Practices Board (ESPB) by rule. Each year, the retiree must re-apply for this exception and receive verification that it remains a critical shortage area. As in the General Rule, retirement benefits will continue, employer and employee contributions will not be paid to TFFR, and the monthly TFFR benefit amount will not be affected.

### **Exception B – Benefit Suspension and Recalculation**

After 30 days elapse from the retirement date, a retiree may return to TFFR covered employment and exceed the annual hour limitation. Under this option, the TFFR benefits will be suspended the first of the month following the month the annual hour limit is reached. At that time, employer and employee contributions must be paid on any salary earned after the annual hour limit based on the employer's TFFR payment model. A completed Member Action form is also required. Upon re-retirement benefits will be recalculated. If the re-retirement occurs with:

- Less than 2 years of additional earned service credit – receive discontinued benefit plus benefit increases granted during the benefit suspension and a refund of any additional employee contributions paid plus interest
- 2-5 years – greater of the discontinued annuity, plus additional years at the new multiplier, plus benefit increases granted during the suspension **or** all the years recalculated at the new multiplier, less an actuarial offset for the amount of benefits already paid
- 5 or more years – greater of the calculation above or the retirement benefit recalculated using all the years at the new multiplier with no actuarial offset

**If you have any questions, please contact the administrative office.**

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### MEMBER ACTION FORM

A Member Action Form must be completed when an employer hires or rehires a teacher. This form provides TFFR with important information including the member's legal name, social security number, current mailing address, and beneficiary(ies). Designating a beneficiary(ies) allows the member to direct payment of survivor benefits in the event of the member's death.

This form also lets TFFR know if the member is:

- Changing name or address
- Updating the beneficiary
- A new or current member
- Taking or returning from a leave of absence
- A retired teacher returning to teach
- A previous State of North Dakota employee



## MEMBER ACTION FORM (001)

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE  
TEACHERS' FUND FOR RETIREMENT DIVISION  
SFN 50981 (5-03)

**Please see reverse side for important information on death benefits, naming a beneficiary, and purchasing refunded service credit.** In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number is used for tax reporting and as an identification number.

Name (First, Middle, Last)		Social Security Number	Sex	Birth Date
Mailing Address (Street or Box)		City	State	Zip Code
School District (Name and Employer Number)		Work Phone Number	Home Phone Number	
Married <input type="checkbox"/> Single <input type="checkbox"/>	Maiden Name	Name of Spouse (First, Middle, Last)		Spouse Social Security Number

- I am a (Check only one if applicable):  
☐ New, first time TFFR member.  
☐ Active TFFR member changing or adding an employer.  
☐ Inactive TFFR member returning to employment.  
☐ Retired TFFR member returning to employment.  
☐ Refunded TFFR member returning to employment.
- ☐ I am on a leave of absence for school year(s) \_\_\_\_\_.  
☐ I am returning from a leave of absence.
- I have previous North Dakota State employment experience covered by Public Employees Retirement System (PERS) or Highway Patrol Retirement System (HPRS). ☐ Yes ☐ No Where \_\_\_\_\_ When \_\_\_\_\_
- I am naming or updating my beneficiary designation. ☐ Yes ☐ No

Primary Beneficiary(ies)	Relationship	Social Security No.	Date of Birth	% Share	Address
Total must equal				100%	

### SPOUSAL CONSENT

**If you are married and designate a beneficiary other than your spouse, your spouse must consent in writing to the alternate beneficiary (NDCC 15-39.1-04).**

I have read and understand the death benefit information on the reverse side. I consent to the above named beneficiary(ies) designated by the above named TFFR member.

\_\_\_\_\_  
Signature of Spouse

\_\_\_\_\_  
Date

### MEMBER'S SIGNATURE

I have read and understand the death benefit information on the reverse side. I designate the above named beneficiary(ies) to my TFFR account.

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Date

#### RETURN TO:

ND Retirement and Investment Office  
1930 Burnt Boat Drive, P.O. Box 7100  
Bismarck, ND 58507-7100

Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897  
[www.discovernd.com/rio](http://www.discovernd.com/rio)

This form is available in an alternate format upon request.

White – RIO

Yellow - Member

### **TFFR Membership**

New and returning TFFR members are required to complete and sign a Member Action Form to properly enroll in the TFFR plan.

### **Previous Teaching or State Experience covered by TFFR, PERS, or HPRS**

Active TFFR members are eligible to repay TFFR and/or PERS refunded service credit for use toward retirement eligibility and benefits. Contact the Administrative Office for additional information.

### **Naming a Beneficiary**

TFFR members should designate a beneficiary(ies) in writing for the purpose of directing payment of a claim due to a member's death.

If you are married, you must name your spouse as beneficiary or provide written spousal approval to name an alternate beneficiary. If you are not married, or if you have written spousal consent, you can name any person (up to 10), organization, church, or charity as beneficiary of your retirement account. However, if more than one beneficiary is named, they are not eligible to receive a monthly annuity for life. Also, if more than one person is named as beneficiary, they will share equally in the survivor benefit unless specific percentages are designated. If specific percentages are designated, they must equal 100 percent.

If you do not designate a beneficiary, death benefits (if any) will be paid to your surviving spouse; if none, to your surviving children; if none, to your estate.

Naming a contingent beneficiary(ies) is **OPTIONAL**. A contingent beneficiary should only be designated if you do not wish survivor benefits to be paid in the order provided by state law (surviving spouse, surviving children, estate). Benefits will be paid to your contingent beneficiary only if your primary beneficiary is deceased. Contact the administrative office for SFN 10341 to name a contingent beneficiary.

Your beneficiary designation is subject to the governing statutes and rules and regulations established by the Board of Trustees of the ND Teachers' Fund for Retirement. The acceptance of this designation does not establish that a survivor benefit will be payable. Whether or not a benefit is payable and the amount thereof, will be determined at the time of death under laws and regulations then applicable.

**This Designation of Beneficiary revokes any prior form. Please keep your designation current by updating your beneficiary if you marry, divorce, have children, or if your spouse or other beneficiary dies.**

### **Death Benefits**

If a member's death occurs prior to retirement, the beneficiary/survivor of a nonvested member (less than three years of service credit) will be eligible for a refund of account value (member contributions plus interest). Survivors of vested members (three or more years of service credit) will be eligible for: 1) refund of account value; or 2) monthly reduced annuity for life under 100% Joint and Survivor option (not available if more than one beneficiary is named); or 3) sixty monthly annuity payments equal to the member's Single Life Annuity without reduction for age.

If a member's death occurs after retirement, the death benefit your beneficiary/survivor receives (if any) is based on the plan you select at retirement.

**If you have any questions, please contact the Administrative Office.**

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### NOTICE OF TERMINATION

A terminating member (resignation, non-renewal, or retirement) must complete a Notice of Termination form. This form outlines the options terminating teachers have regarding their TFFR account. It is the business manager's responsibility to supply the member with this form. However, it is the member's responsibility to return the form to our office.

**Note:** A Notice of Termination form is not required if the member is simply changing participating employers.



## NOTICE OF TERMINATION

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE  
TEACHERS' FUND FOR RETIREMENT DIVISION  
SFN 17144 (5-03)

In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number is used for tax reporting and as an identification number.

Name (First, Middle, Last)		Social Security Number		Last Date Taught in N.D.
Mailing Address	City	State	Zip Code	Work Telephone Number

**My last day of TFFR-covered employment is listed above. I am not under contract with a North Dakota public school or state institution for the upcoming school year. I am not on a leave of absence nor teaching summer school or driver's education. I wish to have my retirement account handled in the following manner: (check one)**

☐ **REFUND OF ACCOUNT VALUE (150)**  
I request the application forms to apply for a refund of my account value (member contributions paid plus interest). There is a 120-day statutory waiting period from the last day of employment before a refund can be issued. I understand that the waiting period may be waived.

☐ **WAIVER OF AUTOMATIC REFUND (161)**  
I am a nonvested member (less than 3 years of service credit in North Dakota) and do not wish to take a refund. Please send me information on how to defer my automatic refund for 36 months. I understand that I may take a refund during the 36 month deferment.

☐ **DEFERRED RETIREMENT (250)**  
I am a vested member (3 or more years of service credit in North Dakota) and wish to defer retirement until I become eligible for benefits. I understand that I may change this election or take a refund prior to accepting my first retirement check.

☐ **DISABILITY RETIREMENT (260)**  
I am a member with one or more years of North Dakota service credit and would like information on TFFR disability retirement. I understand that a disability application form must be filed within 36 months from my last day of covered employment.

☐ **NORMAL RETIREMENT (232)** ☐ **I am interested in the Partial Lump Sum Option (PLSO).**  
I am retiring from TFFR-covered employment. I request that monthly retirement benefits be paid to me beginning \_\_\_\_\_ (retirement date – 1<sup>st</sup> or 15<sup>th</sup> of month). I am including **PHOTOCOPIES** of the following documents:

1. Proof of age (send one) - birth certificate, baptismal certificate, military discharge, or passport.
2. Proof of beneficiary's age - if selecting joint and survivor option.
3. ND teaching contract for current school year including any extracurricular activity pay or additional salary.
4. Early retirement incentive agreement OR letter of resignation and acceptance by employer.
5. Social Security benefit estimate - if interested in the level income option.

**I also understand that I will select my retirement benefit plan on the official enrollment form that I will receive from the administrative office approximately one month before my retirement date.**

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Date

### RETURN TO:

ND Retirement and Investment Office  
P.O. Box 7100, 1930 Burnt Boat Drive  
Bismarck, ND 58507-7100  
Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897  
[www.discovernd.com/rio](http://www.discovernd.com/rio)

This form is available in an alternate format upon request.

White – RIO

Yellow - Member

**NOTIFICATION OF SCHOOL DISTRICT CHANGES**

A Notification of a School District Change form is used when the district has a change in school name, mailing address, telephone number, fax number, business manager, superintendent/administrator, or if the TFFR report is prepared by an individual other than the business manager.



## NOTIFICATION OF SCHOOL DISTRICT CHANGES (801)

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

TEACHERS' FUND FOR RETIREMENT DIVISION

SFN 52757 (8-02)

<b>Name of School District</b>		<b>Employer No. (5-digit)</b>	
<b>School District Mailing Address</b>			
Street Address			
P.O. Box			
City		State	Zip Code
<b>School District Telephone Number</b>		<b>School District FAX Number</b>	
<b>Business Manager's Name</b>		<b>Business Manager's Email Address</b>	
<b>Superintendent/Administrator's Name</b>		<b>Superintendent/Administrator's Email Address</b>	
<b>TFFR Report prepared by (if different from Business Manager)</b>			

**RETURN TO:**

Retirement and Investment Office  
1930 Burnt Boat Drive  
P.O. Box 7100  
Bismarck, ND 58507-7100

Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897

[www.discovernd.com/rio](http://www.discovernd.com/rio)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date Change Goes Into Effect